

PES Energize

Operating Policy E2-4

Subject: Aid-to-Construction for Fiber Expansion (Paid-for Builds)

Policy:

Customers requesting fiber service from PES Energize in an area that requires new construction for the Fiber Plant expansion have the option to pay an Aid-to-Construction fee based on the following guidelines:

- 1) The cost of the expansion will be calculated by PES Energize or its designated Engineering Firm. The cost will be the comprehensive project to include materials, labor, overhead and engineering design fees. This cost includes all make-ready modifications.
- 2) The applicant(s) requesting the new fiber construction must define the area that they want to be served. These parameters will be instrumental in calculating the cost of the expansion (#1) and also the number of existing residences that could be served. Based on the number of *existing* residences, PES Energize will estimate the potential variable margin based on the estimated percentage take rate provided by the applicant(s).
- 3) The estimate will be finalized once the applicant has confirmed the number of participants.
- 4) In the case of a new development, PES will not consider the number of *potential* lots, since there is no guarantee of the number of actual residences or the time line for residences to be completed.
- 5) The variable margin is defined as the sales price for Residential Bronze service less the variable costs to provide the internet service.
- 6) Based on the net cost in #1 and the variable margin in #2, PES Energize will compute the financial payback on the project.
- 7) The Aid-to-Construction amount will be determined to provide a 5-year financial payback.
- 8) The payment of the Aid-to-Construction amount must be paid in advance of PES Energize's commencing work on the project. The collection of the Aid-to-Construction funds will be the responsibility of the applicant(s) representing the group. PES Energize will not be responsible to collect from the individuals.

The determination of a 5-year financial payback is based on the average life of the key equipment components used in the PES Energize business (excluding poles and fiber).

Approved: June 22, 2021